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March 9, 2015

Mrs. Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street
Montpelier, Vermont 05620

Re: Docket 7970-VGS System Expansion Phase

Dear Mrs. Hudson:

On March 2, 2015, the Board issued a Procedural Order Re Notice of Second Remand Status Conference, Request for Additional Comments, and Proposed Schedule in which it, among other things, requested comments from the parties as to the appropriate scope of the remand, as well as comments on the proposed schedule. The Department offers the following comments.

Scope

In response to the announcement by Vermont Gas Systems, Inc. ("Vermont Gas") of a second revised cost estimate, the Department submitted comments to the Board on January 12, 2015. Comments on Second Revised Cost Estimate of Phase I Project, dated January 12, 2015. In response to the Board's January 16, 2015 Order Re: Second Remand Request, the Department submitted additional comments. Comments in Response to Board Order, dated January 21, 2015. In its January 12 Comments, the Department recommended an investigation to determine whether the project remains in the general good of the state in light of the revised cost estimate. The Department went on to state:

In conducting the investigation, the Board should address other development in the broader economic environment (e.g., the recent decline in oil prices) that have occurred since the December 23 Order, not unlike the manner in which the Board evaluated the availability of heat pumps in its October 10 Order. This does not mean that every 248(b) criterion must be re-evaluated from the ground up as certain criteria do not stand or fall on project costs. However, Vermont Gas should be required to demonstrate that the Project continues to satisfy those criteria that are impacted by costs (for instance, 248(b)(2), (4), (6)).

DPS January 12 Comments at 5.



As the Department noted in its January 21 Comments, we stand by and reiterate all of our January 12 Comments and do not repeat them in their entirety here.

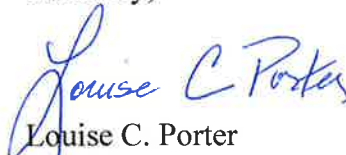
In our January 21 Comments, the Department pointed to what it deemed to be deficiencies in the prefiled testimony of Vermont Gas, which was submitted on January 15. Specifically, the Department identified deficiencies with respect to information regarding the reliability of Vermont Gas's current cost estimate. The Department appreciates that the Board has built into its proposed procedural schedule a placeholder for supplemental Vermont Gas testimony. The Department respectfully requests the Board to direct Vermont Gas to submit supplemental testimony consistent with the January 21 Comments of the Department, together with any other testimony Vermont Gas deems appropriate. As with its January 12 Comments, the Department stands by the remainder of our January 21 Comments, as well, and does not repeat them here.

Schedule

The Department is generally supportive of the schedule as proposed by the Board. We do, however, request that parties be provided an additional week to file briefs, which would revise the due date to May 22.

Please let me know if you have any questions.

Sincerely,


Louise C. Porter
Special Counsel

cc: Service List

PSB Docket Nos. 7970 - SERVICE LIST

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